



FMS

Financial

Management

Pricing



- [illegible]



FMS Pricing Concepts

- **SECTION 21 Sales from stock**
- **SECTION 22 Sales from procurement**

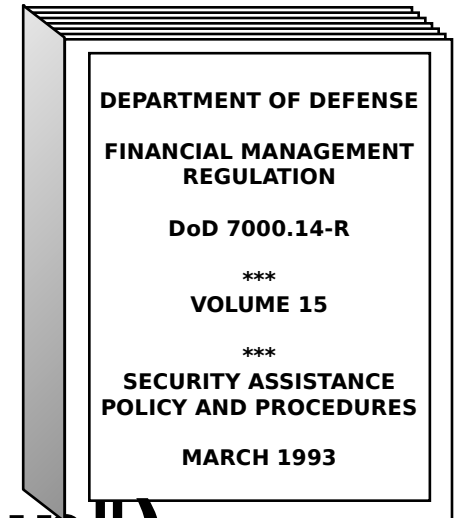
AECA

1. **Technical Description.** The Technical Description (TD) is the basic description of the item to be procured. It is the basis for the development of the Request for Proposal (RFP) and the evaluation of proposals. The TD is developed by the user and is approved by the FPMR. It is the responsibility of the user to ensure that the TD is complete and accurate.
2. **Use of FPMR.** The FPMR is the basic document for the procurement process. It is the basis for the development of the RFP and the evaluation of proposals. The FPMR is developed by the user and is approved by the FPMR. It is the responsibility of the user to ensure that the FPMR is complete and accurate.
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4. **Request for Proposal (RFP).** The RFP is the document that is sent to potential suppliers. It contains the technical description, the FPMR, and the evaluation criteria. It is the responsibility of the user to ensure that the RFP is complete and accurate.
5. **Evaluation of Proposals.** The evaluation of proposals is the process of comparing the proposals received from potential suppliers. It is the responsibility of the user to ensure that the evaluation process is fair and equitable.
6. **Award of Contract.** The award of contract is the process of selecting the supplier that will provide the item to be procured. It is the responsibility of the user to ensure that the award process is fair and equitable.
7. **Delivery of Item.** The delivery of item is the process of receiving the item from the supplier. It is the responsibility of the user to ensure that the item is delivered in a timely and accurate manner.
8. **Payment of Invoice.** The payment of invoice is the process of paying the supplier for the item. It is the responsibility of the user to ensure that the payment process is fair and equitable.
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Uniform DOD Pricing Procedures

- **Price quotations**
 - **Estimates only**
 - **Subject to future adjustment**
- **Single selling price ("roll-up")**
- **Add-on percentages not shown**
- **Letter of Offer and Acceptance (LOA)**

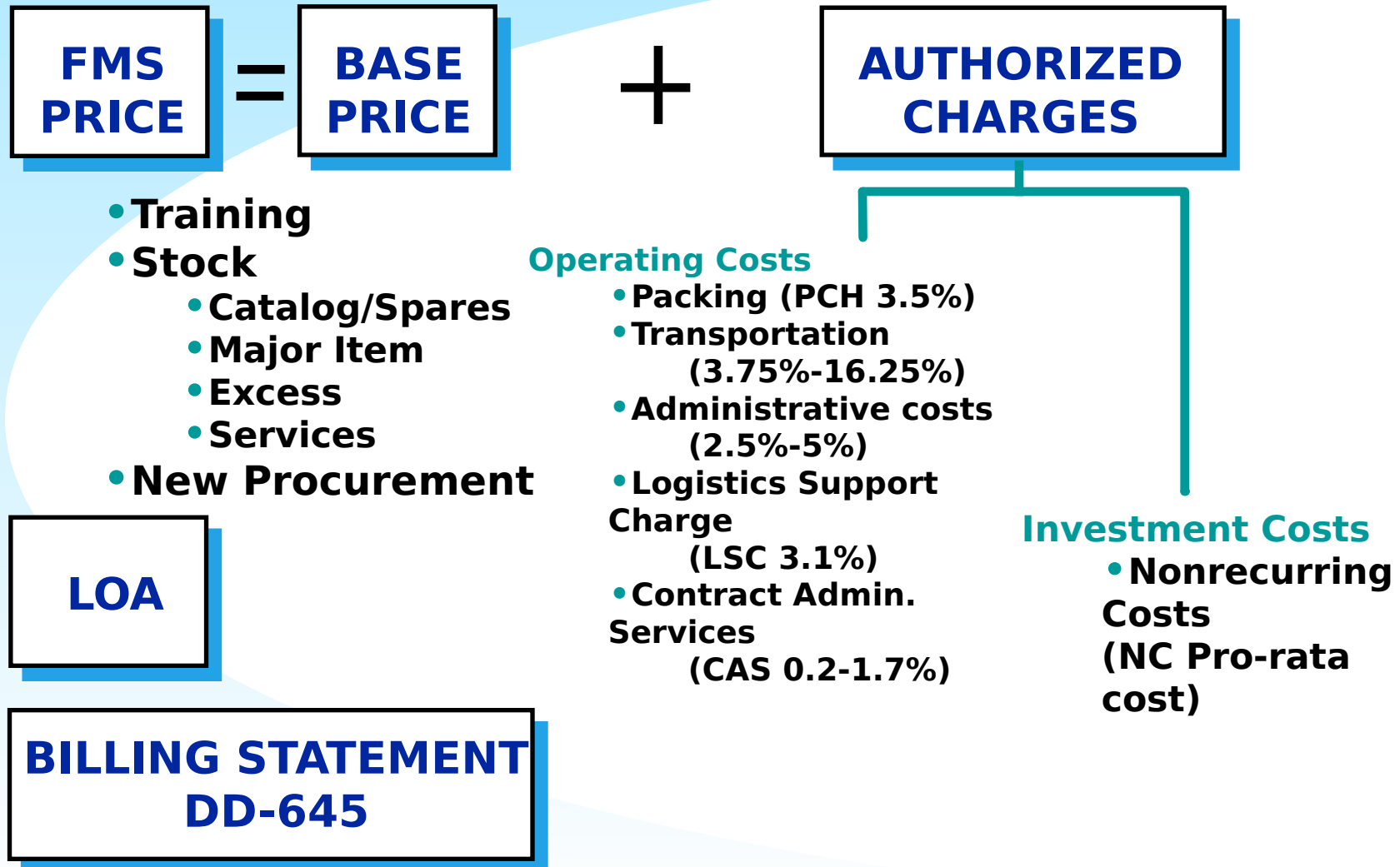




(1) Item Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs		(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
			(a)Unit	(b)Total			
008 C3 47	J 8A 768ZB00KSPUBS (N) TECH, NON-TECH BOOKS, PUBS (Note(s) 8)	XX		\$12,372	S(1-38) TA3	A	5
009 D3 47	M1E 0205000TAUSGP (N) OTHER TECH ASSISTANCE U.S. GOVERNMENT PERS (NOT TECHNICAL ASSISTANCE TEAMS) (Note(s) 9)	XX		\$657,000	S(1-60) TA3		
010 C7	M2K 02280000RRMSL (N) R-R MISSILES AND SPT EQUIPMENT INTERIM CONTRACTOR SUPPORT REPAIRS (Note(s) 10)	XX		\$631,250 TA547	P(25-60)	Z	C
011 D3 47	R6B 076200PROGMGT (N) PROGRAM MANAGEMENT (Note(s) 11)	XX		\$1,400,000	S(1-60) TA3		
012 D3 47	M1F 0208000000TDM (N) TECH DATA-ORG AND INTERMEDIATE LEVEL MAINTENANCE (Note(s) 12)	XX		\$181,800	P(1-38) TA5	Z	4
999 E1 88	N00 000000FMSSTRNG (N) TRAINING (Note(s) 13, 21)	XX		\$160,000	X(18-24) TA4		
Subtotal Cost of Ordered Articles and Services						\$79,994,534	
Case/Program Management						\$1,400,000	
Estimated Cost Summary:							
(8) Net Estimated Cost						\$81,394,534	
(9) Packing, Crating, and Handling						434	
(10) Administrative Charge						2,399,837	
(11) Transportation						464	
(12) Other						0	
(13) Total Estimated Cost						\$83,795,269	



FMS Price Formula





Security Assistance Training

(DoD 7000.14-R, Vol. 15)

Pricing Procedure

- **Prices computed annually**
- **Training MASL published by MILDEP**
- **In effect for full year
(w/adjustments)**
- **Multi-tier pricing structure**



Training Price Structure

FMS

FMS - NATO

FMS - INCREMENTAL

FMS GRANT - NATO

FMS GRANT - INCREMENTAL

IMET



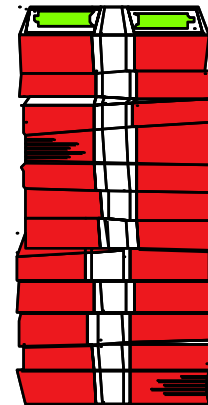
Total Cost of Training - FMS

- **Included in the LOA**
 - **Tuition price**
 - **Administrative surcharge**
 - **Medical services***
- **Costs to country**
 - **Transportation**
 - **Pay and allowances**
 - **Other**
- *** FMS case, country, or student may be billed**



Factors to Be Considered in Pricing Services

- **Military (composite standard pay rates)**
- **Civilian (standard pay rates)**
- **OSD compound inflation factor**
- **Acceleration factors**
 - **Leave and holidays**
 - **Fringe benefits**
 - **Unfunded retirement**
- **Travel (PCS/TDY)**
- **Materials**
- **Type of funding (Cash/FMFP)**





Working Capital Fund Pricing

- Formerly DBOF/Stock Fund
- Most spares/parts covered

**Contract
price
Stock funds**

**Overhead
O & M
funds**

Doesn't include

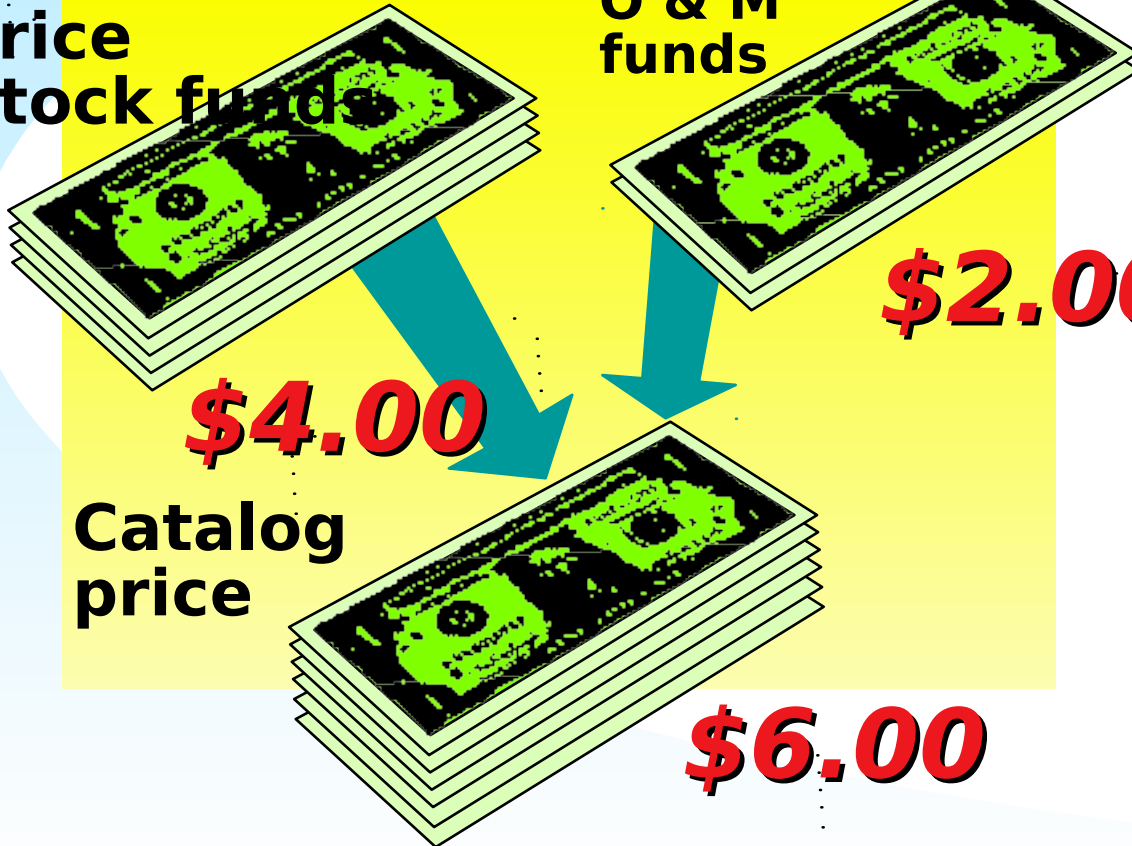
- Ammo
- CAD/PAD
- TRAP
- Classified
- Crypto
- Publications
- Maps&Char

\$4.00

\$2.00

**Catalog
price**

\$6.00





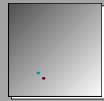
Pricing Non-Excess Major Item From Inventory

**NOT TO BE
REPLACED?**

**TO BE
REPLACED?**



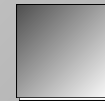
Most Recent Acquisition Cost



Estimated Procurement Cost



Modification/Improvement Costs



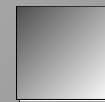
**Remaining Service Life
(cost adjusted)**



Nonrecurring Charges (adjust)



Overhaul Costs (prorated)





Pricing Excess Materials From Inventory

- **ABOVE THE FORCE ACQUISITION OBJECTIVE**
- **SOLD IN "AS - IS, WHERE IS" CONDITION**
- **USE HIGHEST VALUE OF:**
 - **MARKET VALUE + NC (PRORATED)**
 - **SCRAP VALUE + NC/OVERHAUL (PRORATED)**
 - **FAIR VALUE % RATE + NC/OVERHAUL (PRORATED)**
- **NEVER SOLD FOR LESS THAN SCRAP VALUE**

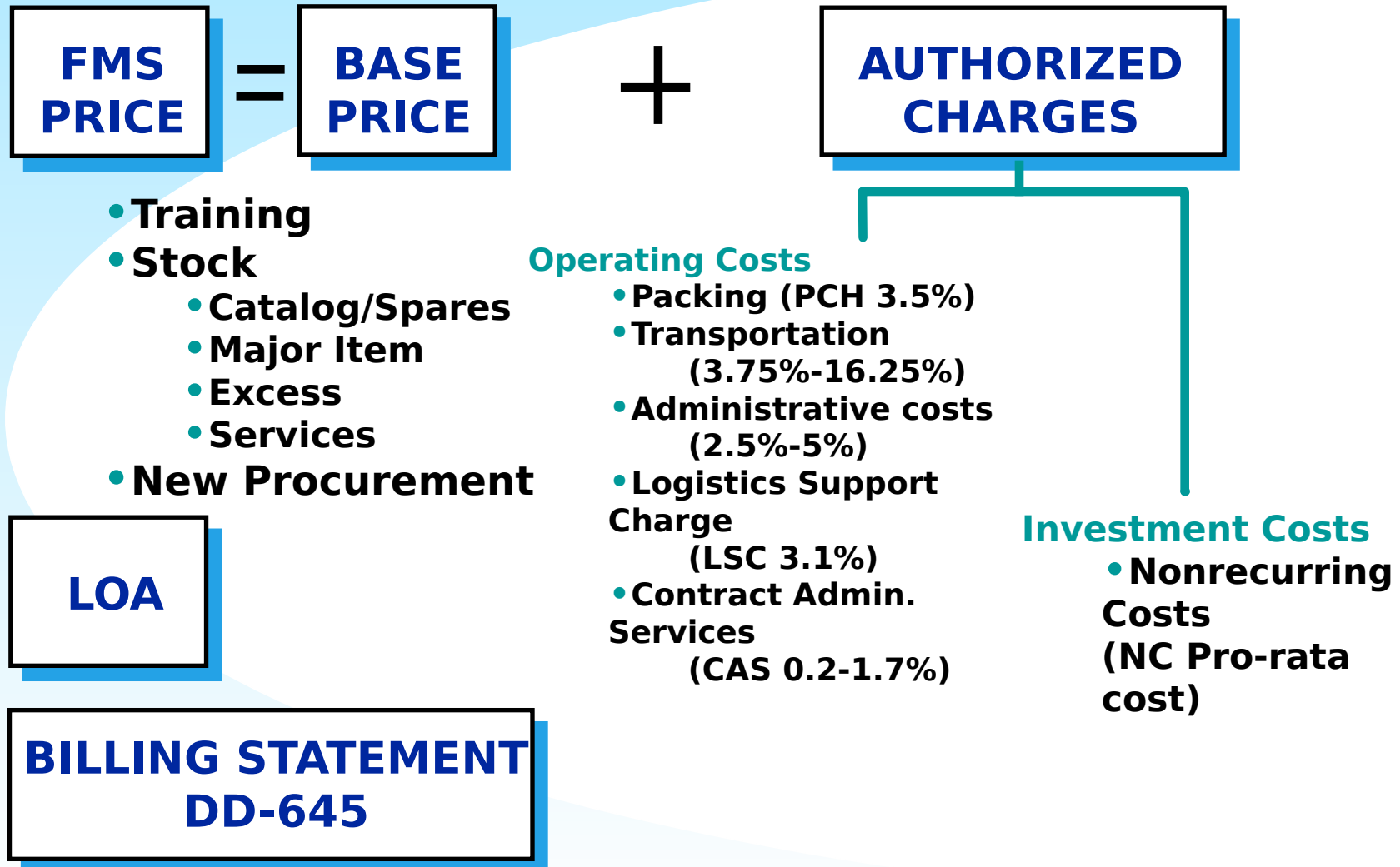


Factors to Be Considered in Pricing an Item From New Procurement

- **Prime contract cost**
- **GFM / inventory**
- **GFM / contractor**
- **DoD funded services**
- **Precious Metals**



FMS Price Formula





Recoupment of Nonrecurring Costs (NC)

- **Non-USG purchasers shall pay fair price for DoD investment (DODD 2140.2)**
- **Waivers:**
 - **Standardization with NATO, JA, AT, NZ**
 - **Loss of Sale**
 - **Cost reduction for DoD - EOQ**
 - **Blanket waivers not authorized**
 - **Need concurrence of DSCA, USD(C), and USD(A&T)**
 - **Changes not retroactive**



Contract Administration Services (CAS)

.5% (.65%) - Contract adm

.5% (.65%) - Quality contro

.5% (.2%) - Contract audi

(.2%) - OCONUS



Accessorial Charge

Packing, Crating and Handling

**IN STOCK
WAREHOUSE**

**PICK FROM
STOCK**

TRANSPORT

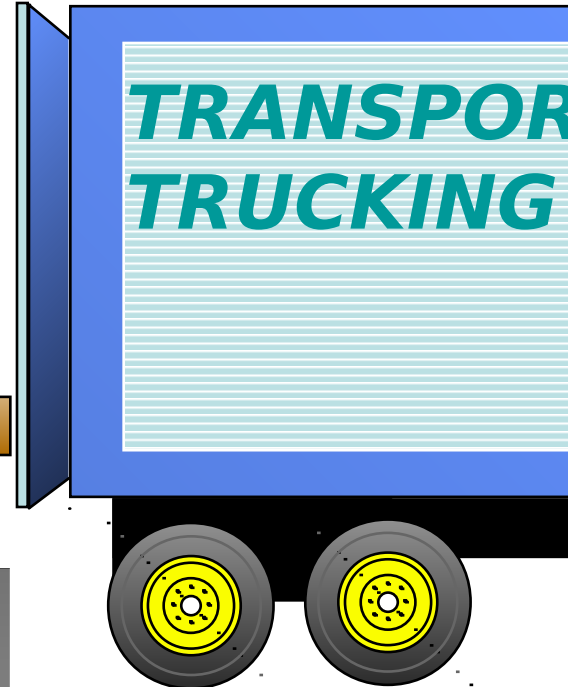
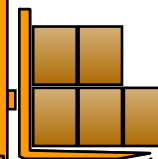
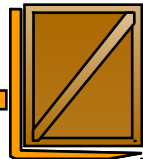
**PACKING
CRATING**

**SHIPPING
DOCK**

TRANSPORT COMPANY

**TRANSPORT
TRUCKING**

3.5 percent





TRANSPORTATION MATRIX

		DTC 4	DTC 5	DTC 8		DTC 6	DTC 9	DTC 7
Rate Area	DoD Movement: Point of Origin to Destination	TBC D,K,LA	TBC LA, B, E	TBC H, U	TBC J	TBC F, X	TBC C, V	TBC G,Y
1	Europe Central American Mediterranean	0	3.75 0	6.25 2.50	7.5	10.25 6.50	11.25 7.50	14.25 10.50
2	Newfoundland, Labrador, Thule, Iceland, South America, Far East, Africa, Near East			6.25 2.50	9.5	12.25 8.50	13.25 9.50	16.25 12.50



Logistics Support Charge (LSC)

- **Manpower**
- **TDY**
- **ADP**
- **Printing**
- **Communications, utilities**
- **Office equipment/supplies**
- **Rental of office floor space**
- **Processing of SDRs**

3.1%



Logistics Support Charge (Cont'd)

- **Production control**
- **Requisition processing**
- **Inventory maintenance**
- **Administration of SDRs**
- **Logistics management**

3.1%



Administrative Charges

- **Manpower**
- **TDY**
- **ADP**
- **Printing**
- **Communications, utilities**
- **Office equipment/supplies**
- **Rental of office floor space**
- **SAOs - appropriate share**

2.5%

3%

5%